



Ohio
Republican
Party

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FEDERAL ELECTION COMMISSION
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Robert T. Bennett
Chairman

Martha C. Moore
Vice-Chairman

Federal Election Commission
Attn: J.P. Andre' - Reports Analyst
Reports Analysis Division
999 E. Street, NW
Washington, DC 20463

May 4, 1995
July 28, 1995 Update

Identification Number: C00162339

Reference: Year End Report (11/29/94 - 12/31/94)

Dear Mr. Andre':

To memorialize our discussion concerning the imprest payroll account utilized by the Ohio Republican Party, the Party employses the services of Fifth Third Bank to prepare and pay the payroll for the Party's associates. The Bank draws the individual associates checks on its own account and the Party reimburses the Bank for the gross amount of the total payroll including related employer payroll taxes. The Bank then files all related payroll tax reporting forms with the proper authorities.

From the Party's perspective there are three different types of associates on the payroll: (1) those that must be paid with only federal dollars, (2) those that can only be paid with non federal dollars and (3) those that can be paid with all federal or allocated dollars using the Party's allocation limit.

When the Party is informed of the amount needed to reimburse the Bank, immediately after each payroll period, the Party must determine the source of dollars needed to reimburse the Bank. The amount of only federal dollars, the amount of only non federal dollars and the amount of non federal dollars to be allocated is determined. A check is drawn on the non federal account to the federal allocation account for the amount to be allocated. Next, a check is drawn on the federal allocation account and deposited in the payroll imprest account for the total federal dollars needed. Finally a check is drawn on the non federal account and deposited directly in the imprest payroll account for the total

non federal dollars needed. All of this results in the payroll imprest account now containing the required amount to reimburse the Bank for the payroll it has just processed. The Bank then directly charges the Party's imprest payroll account for the amount transferred to cover the payroll.

The last step in the process is to have the Party reimbursed by the State Committees for which the Party has expended non federal dollars on their behalf. (The Party provides this service to these committees to relieve the burden of payroll processing). As the Party is reimbursed, generally within a day of the payroll, these funds are deposited back into the non federal account.

When you look through the total transaction, The Party has used federal, including allocated dollars, to pay its people and has been reimbursed for the non federal dollars it has expended on behalf of state committees. The Bank has been reimbursed through the payroll imprest account for the payroll they processed on behalf of the Party.

To follow up on your suggestion, I will contact Fifth Third Bank and see if they will agree to replace the current system of using an imprest bank account and let us write checks directly from the federal allocation account and from the non federal account to cover the cost of the payroll processed on behalf of the Party. This would eliminate the need to transfer non allocated dollars into a designated federal account.

With regard to your questioning our calculations for the H4, Pg. 3, Item A, and Page 8, Item B on the October 1994 Quarterly Report (7/1/94 - 9/30/94) you are correct. The miscalculation was due to clerical error and has been adjusted. Attached are those two pages showing the corrections made. (Pages previously provided with May 4, 1995 letter).

Sincerely,



Glenn W. Matthews, CPA
Chief Financial Officer

UPDATE -July 28, 1995:

Since our discussion at the end of April, 1995, no non allocated funds have been transferred to the Federal imprest payroll account discussed above. However there were several such transfers prior to that discussion which are included on the enclosed report. I did talk to Fifth Third Bank about reimbursing them for the payroll directly from our Federal and State accounts. They would not agree to this procedure as they need to be able to go to one account to draw funds to cover the entire payroll. While there will not be a problem for the remainder of this year, a solution still needs to be found for next year when the Party will have campaign employees needing to be paid with state funds only.